



## MEMORANDUM

**TO:** Mayor and Council Members

**FROM:** Rosie Truelove, Director, Neighborhood Housing and Community Development Department

**DATE:** January 28, 2020

**SUBJECT:** January 28, 2020 Housing and Planning Committee and February 6, 2020 Austin City Council

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On February 6, 2020, the Austin City Council will be given an opportunity to support the further development of affordable housing in our community.

As you may know, the Low Income Housing Tax Credit (LIHTC) is a significant source of financing for affordable housing. There are two LIHTC programs—the 9% credit and the 4% credit. Administered by the Texas Department of Housing and Community Affairs (TDHCA), the 9% credit program is so competitive that TDHCA, by both state statute and agency initiative, has implemented scoring criteria to determine which proposed developments will receive financing.

One of the most prominent scoring items regarding the 9% credit program is whether or not the local jurisdiction—in our case, City Council—has either supported the development (17 points) or expressed no opposition to the development (14 points). For the 2020 9% credit cycle, NHCD staff implemented a new policy by which a resolution of support would only be recommended to Council if the proposed development was located in a certain area (High Opportunity Area, Gentrification Area, within 0.5 miles of an Imagine Austin Center/Corridor or a Mobility Bond Corridor) or if the proposed development would serve a specific population (Supportive Housing, as defined by TDHCA, or a commitment of 20% of the units to eligible households coordinated through the local Continuum of Care Program).

In addition to the scoring item regarding Council support, there is an additional scoring item called “Concerted Revitalization Plan,” which is collectively worth 7-points. A 2-point component of that 7-point item pertains to Council selecting the development that contributes more than any other to the revitalization efforts of the city in an area. Only one can be identified. Currently, two applications are requesting that designation—“contributes more than any other”—from Council for the East MLK Combined Neighborhood Plan: Akins East from HTG Development and

EM Franklin Apartments from Foundation Communities. Council will be asked to determine which development receives the designation.

Eighteen applications were submitted requesting resolutions of support from City Council, with all 18 applications meeting one of the criteria enumerated above. At the time of writing this memo, 16 applications remain active. Staff expects that more applications will be withdrawn in the coming weeks.

The 9% credit program will provide approximately \$80,732,939 in LIHTC in 2020. Note that this is the one year value, and so, with LIHTC equity investors being able to claim the tax credit over a 10 year period, technically \$807,239,390 in tax credits are available. TDHCA splits this allocation into separate “buckets,” both geographic buckets and what are called “set-aside” buckets. Austin is located in Region 7 – Urban, which has \$4,420,741 available. This will more than likely result in three developments. TDHCA also makes available \$12,108,591 for the “At-Risk Set-Aside,” which is available to developments at-risk of losing financing that provides for the affordability. There are currently two applications in Austin competing in this statewide “bucket.”

Given how competitive the application process is with TDHCA and how many scoring items are involved, it is difficult to predict which applications will win awards at TDHCA. However, that said, staff would like to call attention to the three supportive housing developments requesting resolutions of support. Because applications proposing supportive housing to TDHCA receive a 3-point advantage, it is likely that at least two, and perhaps all three, of the three awards in Region 7 – Urban will be to supportive housing developments in Austin. Additionally, Austin may see two awards for developments in the At-Risk Set-Aside.

Staff was excited to see 9% LIHTC applications from nine of the 10 Council districts, and notes that, compared to previous years, the total unit counts in the proposed developments are higher. Those higher unit counts may be attributed to both Affordability Unlocked and to NHCD’s expected financial contributions to the proposed developments.

Staff will present a brief overview of the 9% credit program and the 9% LIHTC applications for 2020 at the January 28, 2020 Housing and Planning Committee meeting. Additionally, we look forward to the discussion at the City Council meeting on February 6, 2020, and we have encouraged all applicants to be present in order to address any questions Council members may have about their proposed developments. Each of the applications can be found on NHCD’s website (<http://www.austintexas.gov/LIHTC-9Pct-App>). In the meantime, if you have any questions, or need additional information, please do not hesitate to contact me.

cc: Spencer Cronk, City Manager  
Rodney Gonzales, Assistant City Manager